

**Chowan County Board of Commissioners**  
**Regular Meeting**  
**Monday August 4, 2008**  
**6:00pm**  
**Swain Auditorium**  
**200 East Church St.**

**An audio recording of the minutes is located in the meeting file labeled August 4, 2008, Board of Commissioners meeting**

Clerk to the Board, Susanne Stallings read a statement to the audience noting the emergency exits.

The Chowan County Board of Commissioners their regular meeting on Monday, August 4, 2008, at 6:00 pm in Swain Auditorium, 200 East Church Street.

Present: Jimmy Alligood, Bill Gardner, Kenny Goodwin, Louis Belfield, Harry Lee Winslow, Ralph Cole and Jerry Downum. Also present was County Manager, Peter Rascoe.

Chairman Cole called the meeting to order and Commissioner Gardner offered the invocation.

**Consent Agenda**

Commissioner Alligood moved that the Board accept the consent agenda as submitted below. Chairman Cole asked for all in favor, the motion carried unanimously (7-0).

a. Minutes from the July 7, 2008 Regular meeting.

b. Budget Amendment

3839 TDA                      \$5,000                      State Trails Grant

c. Solid Waste Sites (Hancock Station/Evans Church) drive-way only paving agreement

d. Tax Release

Alltel Comm.	\$404.13	Listed on 2 schedules
Beechwood Dev.	\$347.73	Annexed 06/26/08
Castpa LLC	\$201.70	Annexed 06/26/08
Embarq	\$321.20	Listed with corporate utilities
Forehand, J.	\$616.29	Personal Property listed twice.
Forehand, J.	\$410.85	Personal Property listed twice
Haynes Consxn	\$489.35	House listed at 100% but not
Jethro, L.	\$104.19	Vehicle tag exchanged
Morning, A.	\$126.21	Vehicle totaled
Perry, C.	\$316.93	Conservation easement
Queens Landing	\$417.96	Annexed 06/26/08
Taylor, E.	\$253.36	Parcel inactive

**Appointment of County Attorney**

Mr. Rascoe noted that the Human Services Committee met that week to interview attorneys that submitted requests for proposals (RFP) for the Chowan County Attorney position. The Committee recommended that the Board retain Mr. John Morrison of the Twiford Law Firm as the Attorney for Chowan County. Commissioner Goodwin moved that the Board accept the submitted contract for John Morrison and retain him as the attorney for Chowan County. Chairman Cole asked for all in favor, the motion carried unanimously.

### **Board Appointments**

#### **Workforce Development Board**

Chairman Cole noted that Carol Ricketts term expired on June 30, 2008. He added that the Workforce Development Board is requesting a re-appointment of Ms. Ricketts to this Board. Commissioner Belfield moved that the Board reappoint Ms. Ricketts to the Board. Chairman Cole asked for all in favor, the motion carried unanimously (7-0).

#### **Chowan County Joint Community Advisory Committee**

Chairman Cole said that Alice Wards term expired on June 6, 2008 adding that the Albemarle Commission is requesting a re-appointment of Ms. Ward to this Committee. Commissioner Alligood moved that Ms. Ward be reappointed to this committee. Chairman Cole asked for all in favor, the motion carried unanimously, (7-0).

### **Loan Modification Resolution**

Mr. Rascoe requested authorization from the Board to seek the Local Government Commission's permission to seek refinancing of two existing loans with BB&T through a resolution. He said the loans would allow 5 more years through refinancing. Mr. Rascoe also presented the July financial report via a slide on a PowerPoint. He said that this resolution will free up some cash flow for the 2008-09 Fiscal Year.

July 08 Financial Report	
PRIOR CASH BALANCE	\$ ( 408,366)
JULY CASH RECEIPTS	1,744,147
JULY DISBURSEMENTS	<u>1,598,581</u>
BALANCE (7/31/08)	\$ (262,800)
REMAINING RESERVES (6/30/08)	\$ 723,335

Commissioner Alligood moved that the Board adopt the following resolution. Chairman Cole asked for all in favor, the motion carried unanimously (7-0).

#### **Resolution Approving Terms of Re-financing**

**(Northern Chowan Community Center)**

**WHEREAS**, at its August 4, 2008 meeting the Chowan County Board of Commissioners authorized its County manager to seek modification of the aforementioned financing under the term described herein; and

**WHEREAS**, Chowan County, North Carolina (the "County") did determine to authorize change in the terms of the Payment Schedule to that Financing Agreement and Deed of Trust (the "Original Agreement") granted to F. Louis Lloyd, III (the "Deed of Trust Trustee") for the benefit of Branch Banking and Trust Company ("BB&T") dated as of May 31, 2001, and recorded on June 27, 2001 at Book 275, Page 64, Chowan County Registry; and in that Modification Agreement dated as April 1, 2008, and recorded on August 18, 2008, 2008 at Book 399, Page 741, Chowan County Registry (together, the "Original Agreement"); and

**WHEREAS**, the changes to the terms of the Payment Schedule include revising the interest rate from 3.79% to 4.09% and extending the maturity from May 31, 2016 to May 31, 2021;

**NOW, THEREFORE BE IT RESOLVED** by the governing body of Chowan County, North Carolina that the proposed changes to the Payment Schedule of the Original Agreement are hereby approved and the officers designated to sign financing documents are hereby authorized and directed to take such action as may be necessary to effectuate such changes. All other terms and conditions of the Original Agreement and the Payment Schedule thereof remain in full force and effect.

Adopted the 4th day of August 2008.

Resolution Approving Terms of Re-financing

**(D. F. Walker Elementary School)**

**WHEREAS**, Chowan County, North Carolina (the "County") did determine to authorize change in the terms of the Payment Schedule to that Financing Agreement and Deed of Trust (the "Original Agreement") granted to F. Louis Loyd, III (the "Deed of Trust Trustee") for the benefit of Branch Banking and Trust Company ("BB&T") dated as of September 1, 2000, and recorded on September 29, 2000 at Book 266, Page 927, Chowan County Registry; and in that Modification Agreement dated as October 1, 2007, and recorded on October 5, 2007 at Book 386, Page 744, Chowan County Registry (together, the "Original Agreement"); and

**WHEREAS**, the changes to the terms of the Payment Schedule include revising the interest rate from 3.91% to 4.05% and extending the maturity from September 29, 2015 to March 29, 2021;

**NOW, THEREFORE BE IT RESOLVED** by the governing body of Chowan County, North Carolina that the proposed changes to the Payment Schedule of the Original Agreement are hereby approved and the officers designated to sign financing documents are hereby authorized and directed to take such action as may be necessary to effectuate such changes. All other terms and conditions of the Original Agreement and the Payment Schedule thereof remain in full force and effect.

Adopted the 4th day of August 2008.

**2008-09 Budget Amendment Presentation**

Chairman Cole noted that before the Budget Amendment Presentation, he called on any comments from the Board of Commissioners.

Commissioner Goodwin apologized to all persons present, he said that he takes full responsibility for his mistakes and added that information that he and the Board received from Mr. Copeland (former County Manager) was deceiving. He then shared the following slides:

**Written Statement from Mr. Copeland issued  
to the Board of Commissioners dated  
March 26, 2008**

The County's financial position remains strong. The County historically borrows money internally to finance various projects which explains the reduction in the undesignated fund balance. The ending General fund balance was 14 million dollars with a still very strong 75% of operations. The unreserved General Fund balance remains a strong 33% of operating expenditures. Standard and Poor's recently affirmed an A rating for Chowan County. I quote from the report "A rating is based on the County's:

Growing, yet limited, local economy;

Favorable financial position and very strong reserves; and

A low debt burden with limited future capital needs.

Accounting for receivables, the County's reserve fund remains strong at 20 million dollars.

He said that he felt that statement was deceiving. He then shared slide from the minutes of a resolution that the Board of Commissioners adopted in 1998.

## Excerpt from the minutes of the September 14, 1998 Meeting

### Resolution

WHEREAS, the Chowan County Board of Commissioners, meeting in special session on August 10, 1998, unanimously approved the lease of Chowan Hospital to Pitt Memorial Hospital/University Health systems; and,

WHEREAS, this lease offers an opportunity to not only grow and improve health care services in Chowan County, but to improve the quality of life for the citizens of Chowan County; and,

WHEREAS, the proceeds generated from the lease of the Hospital must be safeguarded so that in the unlikely event that the County need to reassume operations of Chowan Hospital, adequate financial resources would be available.

NOW, THEREFORE, the Chowan County Board of Commissioners directs as follows:

1. The proceeds generated from the lease of the Hospital and the reimbursement for working capital will be deposited in a fund entitles "Healthcare Reserve Fund".
2. Unless specifically authorized by a resolution of the County Board of Commissioners, the principal amount of monies initially deposited in this fund should never be expended.
3. In no event shall more than 75 percent of the interest monies generated by this fund be expended, thus allowing the Healthcare Reserve Fund to increase.

AND Further, the Chowan County Board of Commissioners also directs and authorizes the establishment of a second reserve fund which would be funded from any available cash retained by Chowan Hospital, Inc., upon the lease of Chowan Hospital Inc. These monies are to be held in reserve for any potential liabilities emanating from operations of the Hospital by Chowan Hospital, Inc. And then, upon determination that no liabilities exist, the interest from said monies shall only be expended in accordance with plans developed by the Chowan County Board of Commissioners.

Adopted today, September 14, 1998"

He then moved that the Board of Commissioners request that Attorney John Morrison investigate Cliff Copeland and anyone involved as to what has happened (with the Hospital monies), and if there are any findings, that he turn over the matter to the District Attorney for a criminal investigation.

Commissioner Gardner said that he feels that all persons are subject to the same laws and this is the first step to restoring the credibility of the Board. He added that he recommends the attorney report back to the Board in September.

Chairman Cole asked for all in favor, the motion carried unanimously (7-0).

Commissioner Alligood said thank you to the citizens for their support during the hard times of the past few weeks.

Commissioner Belfield said that he inspected the budget each year and after hours and hours of inspecting the budget he could never find discrepancies.

Commissioner Downum said that he would take his part of the blame and apologized to the Citizens of Chowan County. He said that every time he asked Mr. Copeland about the reserves, he was told that everything was ok and the County was in good shape. He said that the economy was a major factor in the financial crisis.

Chairman Cole said that as Chairman he offered his apologies to the citizens. He said that he and the Board was not asleep and asked for the citizens to allow the Board to work through the matter. He added that he did not want any citizens to be hurt but there were things that had to be done to fix the situation.

Commissioner Gardner apologized to the citizens through a written statement noting that he placed an unmerited trust in a Manager who had been in a position for 25+ years.

Chairman Cole then asked the County Manager to present the proposed budget amendments.

Mr. Rascoe then read the following budget message into the record:

August 4, 2008

Mr. Chairman and members of the Board of Commissioners, for tonight's meeting I have been charged with presenting, for your decision, a choice of budget amendment options for you to consider and ultimately decide upon at the subsequent public hearing. As the County Manager, I would normally be before you during the normal budget time of May and June making a presentation of a proposed budget as is required by state law. Since you already have adopted a budget for this year, I am presenting several options for you to decide on in amending the current budget. Your decision is necessary in order for Chowan County to be in compliance with state law requiring a balanced budget - and with the recent directive of the Local Government Commission upon finding that Chowan County's budget is out of compliance with the state's Local Budget and Fiscal Control Act. By now I won't belabor the points of how and why we got here. Those are evident in the Local Government Commission's findings as reported to you on July 24th. But for the sake of clarity I will re-emphasize that since the County's reserves were found to have dropped to such a low level, the LGC had to be notified. After an immediate subsequent extensive analysis of the county's current and past budget, current year's and past audits, and current cash flow components, the LGC found the county's current budget to be short upwards of nearly 4 million dollars due to the projection of unrealistic revenues. This finding explains for the most part, why the County's operations are experiencing a crisis in covering normal monthly expenses. Without budgeted and available reserves to cover the revenue shortfalls, we found ourselves challenged every day to make sure we meet the month's expenses.

Mr. Chairman and Commissioners, before I begin the visual presentation I've prepared for you, there are just a few other things that I need to say. .... First, I see the challenge before us as a positive opportunity for Chowan County to continue to prove to our State and country that no matter the adversity, the people of this county will always prevail to make a situation right and better for the long term. This will be no exception. We will work this out and better days are waiting for us soon. .... Second, I want to commend the heads of the various County Departments for being the experienced managers that they are and doing what had to be done over the last several weeks in cutting operational expenses. This was not without stress as some cuts had to be made by letting part-time and probationary employees go from their jobs. Included with those Departments, and making significant operational expense cuts without threatening life saving services, are the Sheriff's Office, the Emergency Medical Services Department, Emergency

Management, and the Center Hill-Cross Roads Fire Department. .... Third, I want to acknowledge the thoughtfulness of many business and individual property owners which have overcome the same initial reactions realized by all, and have now foregone the use of capital and savings funds for another five months by paying their property taxes early to assist their County. This effort freed the cash flow the last week of July to the extent that many of the monthly obligations being held could be paid and not held over to another month. I thank any property taxpayer who does pay early and as soon as possible. .... Fourth, I want to commit to you that, despite whichever choice of direction you make, an analysis of the feasibility and equity of salaries and wages will be conducted for personnel positions, including those over which we only have fiscal control. One of the contract obligations recently cut from the Administrative Department was for a salary study to be conducted. I regret that had to be put on hold because it is needed. However we will now at least begin the process in house by gathering the pertinent data and begin to compile and analyze it. .... And last, I know that each of you and the public will agree that the most important matter to consider in prioritizing funds for any of the County's operations – is the safety of individual lives. That was the predominant standard used throughout this budget amendment process in analyzing the absolute necessity of expenses. Having said that, please know that I have struggled hard in this, I do feel the pain of cuts, and I do sympathize with every single person who has been and will be affected by this process.

To begin tonight, we present a simple financial report of the county's fiscal status for the month of July. You see the revenues taken in, the expenses paid, and the payable expenses which remain unpaid and which we hope to cover with August income. If we had to pay all those payables right now with the remaining reserves of the County, we would only be left with the amount shown. This was similar to the situation facing the County mid-June, and which had to be addressed immediately by notification to the LGC. Also the cuts which were implemented this month, including the termination of probationary and part-time jobs, were absolutely necessary to make sure that there were sufficient funds available to pay the payable expenses that had to be paid this month. And the influx of property taxes the last days of the month assisted us in meeting that challenge as well.

FY 2008-2009

Budget Amendment Options

## 2008-2009 Tax Levy

	Real Property	Motor Vehicles
Assessed Valuation	\$1,309,286,762	\$120,562,495
Levy of .01 Per \$100	<u>x .01</u>	<u>x .01</u>
Increase in Billable Tax Revenue per .01 Levy	\$130,929	\$12,056
07/08 Collection Rate	<u>x 97.77%</u>	<u>x 86.92%</u>
Collectible Revenues	\$128,009	\$10,479

**Increase in Revenues .01 Levy = \$138,488**

## Tax Rate Comparison

<u>County</u>	<u>Rate</u>	<u>Revaluation Year</u>
Chowan	.56	2006
Perquimans	.67	2008
Gates	.975	2001
Hertford	.91	2003
Bertie	.78	2004
Washington	.79	2005
Pasquotank	.50	2006



## Chowan County Historic Tax Rates

<u>Year</u>	<u>Rate</u>
1998	.80
1999 – Revaluation year	.69
2000	.69
2001	.69
2002	.69
2003	.69
2004	.69
2005	.74
2006	.78
2007 – Revaluation Year	.545
2008	.56

## 08-09 Budget General Fund (As Adopted June 16, 2008)

Adopted Revenue            \$17,193,070

Adopted Expenses        \$17,193,070

**Tax Rate Increase = 0 ¢**

## 08-09 Budget Revenue Corrections

<u>Source</u>	<u>Adopted</u>	<u>Amended</u>
Property Taxes	\$7,939,994	\$7,755,342
Sales Taxes	\$2,675,000	\$2,445,000
Interest Income	\$2,261,985	\$ -0-
Land Transfer Taxes	\$1,252,934	\$ 475,000
Miscellaneous:		
Delinquent	\$ 242,300	\$ 181,300
Building Permits	\$ 250,000	\$ 150,000
Contributions from		
Enterprise Funds	\$ 176,071	\$ 126,071
Miscellaneous	\$ 499,145	\$ 357,128
Total	\$15,297,429	\$11,489,841

**Corrected Revenue Shortfalls \$3,807,588**

## 08-09 Budget General Fund (Option One)

Amended Revenue                      \$15,815,942

Adopted Expenses                      \$18,446,004

**Tax Rate Increase = 19 ¢**

## Option Two

### Impact and Realized Savings

<u>Operational Expenses</u>		10% Cut <u>All</u> Departments – Including 1% Cost of Living Increase	
<u>Personnel</u>			
17 Part-time Staff:	Maintenance	-	5
	Recreation	-	10
	Planning & Inspections	-	1
	Register of Deeds-		1
	DSS	-	7
9 Full Time Staff:	Planning & Inspections	-	2
<u>Programs</u>			
Non-Profit / Government Appropriations	Hospital Foundation, Chamber of Commerce, Arts Council,		
	Historical Comm, Airport Appropriation		
	Destination Downtown,		
	Industrial Dev. (50%), etc.		
Edenton-Chowan Schools	Annual Appropriation		
Mosquito Control	Eliminate Entire Program		
<b>Realized Savings</b>		<b>\$1,507,567</b>	

## 08-09 Budget General Fund

### (Option Two)

Amended Revenue                      \$15,815,942

Amended Expenses                      \$16,938,437

**Tax Rate Increase = 8.5 ¢**

### Option Three Impact and Realized Savings

<u>Department</u>	<u>Adjustments</u>	<u>Net Savings</u>
Planning / Inspections	- 1 Position Lease Termination	\$ 42,358
Recreation	- Close NCCC 3 Positions All NCCC Fitness Instructors All NCCC Programs	\$124,705
Senior Center	- Close Senior Center All Senior Center Programs Nutrition Site Program Meals on Wheels 4 Positions	\$196,162
Swain Auditorium	- Close	\$ 5,000
Albemarle Learning Center	- Close	\$ 4,000

### Option Three Impact (con't)

<u>Department</u>	<u>Adjustments</u>	<u>Net Savings</u>
Land Records	- 1 Position	\$ 46,684
IT Department	- 1 Position	\$ 60,772
Water Department	- 1 Position	\$ 36,166
Tax Office	- 1 Position	\$ 31,956
Animal Control / Shelter	-2 Positions	\$ 60,271
Maintenance	- 3 Housekeeper	\$ 86,110
COA Walker Campus	- Partial Close	\$ 38,000
Industrial Development	- Eliminate Appropriation	\$ 68,547

## 08-09 Budget General Fund (Option Three)

Amended Revenue            \$15,815,942

Amended Expenses           \$16,137,706

**Tax Rate Increase = 2.5 ¢**

## Option Four Impact

### Department

### Adjustments

COA–DF Walker Campus	-	Remainder of Campus Closed
Recreation Department	-	Elimination of Recreation Department Including All Programs Elimination of Remaining 5 Positions
Tax Department	-	1 Position
Restructuring of Remaining County Departments <u>Including</u> Administrative Staff		

## 08-09 Budget General Fund (Option Four)

Amended Revenue           \$ 15,815,942

Amended Expenses   \$ 15,815,942

**Tax Rate Increase = 0 ¢**

### Options

- Option 1 = 19 ¢ Tax Increase
- Option 2 = 8.5 ¢ Tax Increase
- Option 3 = 2.5 ¢ Tax Increase
- Option 4 = 0 ¢ Tax Increase



## Example of Effect of Rate Options

Assuming a Taxpayer owns a house and lot  
valued at \$200,000

Option One - 19¢ = \$380 Increase

Option Two - 8.5¢ = \$170 Increase

Option Three - 2.5¢ = \$ 50 Increase

Option Four - 0¢ = \$ 0 Increase

### 08/09 Debt Service Payments on Major Capital Projects

Project	Amount
D F Walker School	\$1,035,927
NCCC / Adult Day Health Center	\$ 390,960
Library	\$ 84,333

### 09/10 Debt Service Payments on Major Capital Projects

Project	Amount
D F Walker School	\$1,002,758
NCCC / Adult Day Health Center	\$ 379,590
Library	\$ 192,614
Public Safety Center	\$ 688,138

Mr. Rascoe concluded his budget message by stating the following:

Mr. Chairman and Commissioners, this is your decision. These options have been presented to you for your consideration and decision which will bring the county's budget into compliance with the law as directed by the LGC. Advice, assistance, input, and insight have all been sought and received for this particular situation from professionals at the LGC, the Institute of Government, the Association of County Commissioners, and from other county officials across the state. .... I would like to repeat that unless the economy changes drastically during the year, we will not be building reserves with any of these options. .... With the second option, we would be hopeful that the enterprise funds for Water, Fire, and

Solid Waste will be netting revenues to the extent that those net amounts could be transferred into the General Fund. I am confident that the EMS Fund will continue to be self-sustainable due to the revenues it receives from its non-emergency transfer business. . . . . But it is important to remember that come May of next year, I will be before you again with additional budgeted expenses for the debt service on the public safety center and the library addition.

Finally, Mr. Chairman, as a normal proposed budget is required to have at least a ten-day review period before adoption, the same period should be allowed for this budget amendment since it is a major amendment of the original adopted budget. The Option 2 budget will be printed out and will be available for review at the County Manager's Office along with a copy of this presentation which considers all four options. Also copies of the presentation will be available at the rear tonight and if we run out, copies will be available at my office as well.

Attorney, John Morrison noted that one of the biggest discrepancies was on the budgeted reserves where the income from the interest monies was listed; the \$2,261,985 in reality is \$0. He said that the duty of the County Manager is to recommend a budget with monies that can reasonably expected. He noted that the budget presentation was made June 2, 2008. He said that there is no way that you can draw \$2,261,985 in interest from the \$700,000. He noted that the budgeted Land Transfer tax was off by \$777,934.

David Thompson Executive Director of the North Carolina Association of County Commissioners (NCACC) then made comments to the public and the Board of Commissioners. He made several statements of the responsibilities of the Board of Commissioners as stated in the general statutes. He also noted that the County Manger is the statutory budget officer and that an annual audit is to always be submitted by an auditor to the Board of Commissioners. He added that a budget is a plan and unless an auditor comes before the Board the Board will look at the budget and see a balanced budget. He noted that the Board put restrictions in the budget ordinance. He urged the Board not to be too conservative with next year's budget because the problems will reoccur, and that was a concern he would have as a Board member. He said that Board would also need to consider a contingency fund balance and creating a contingency fund.

### **Schedule Public Hearing**

Chairman Cole noted that the Board would need to schedule a public hearing. Ms. Stallings noted that the hearing would need to be scheduled 10 days from the date of the meeting. Commissioner Gardner moved that the hearing be scheduled 10 days from that date, Chairman Cole asked for all in favor, the motion carried unanimously (7-0).

### **Public Comment**

Attorney John Morrison addressed the audience with the terms of the public hearing and gave a brief overview of the structure of County Government and requested that comments be limited to 3 minutes. He later added that conversations back and forth would not take place at this Public Comment period.

### **Public Comments:**

Sue Brown, 924 Indian Trail Rd., a former County Employee stated that she was told she could not speak to Commissioners by Mr. Copeland. She said that she feels the Board has the citizens best interest at heart. She asked the citizens to consider that they were somewhat responsible for the situation because they have not attended the meetings.



E.C. Toppin, 116 Roberts Rd. stated that finger pointing would not solve the problem. He said the problem is shared with the citizens and the Board. He said that a path to success was for people to work together. He said the suggested citizens watch dog group was not the answer. He said the annual audit should be a part of the minutes of the Board, all Commissioners attend the School of Government seminar on municipal budgeting and all new Commissioners should be required to attend in the future. He said the Board should require a monthly budget recap by the finance officer or accounting firms.

Robert Turner, 402 Winnebago Tr., asked what resources the previous County Manager used to prepare the budget. And asked if Mr. Rascoe called upon reliable resources to prepare the presented budget.

Mr. Rascoe said that the experts of the Local Government Commission, Institute of Government, the NCACC and other County Managers and Finance Officers across the state and all resources were exhausted to come up with the options presented at this meeting.

John Minors, 405 Dogwood Tr. stated that he feels that the investigation would best be handled by the S.B.I. He added businesses need to be encouraged to come to Chowan County.

Bob Zimbrowski, 109 West Queen Street encouraged the Board to be realistic to the revenues coming in adding the Board has a fiduciary responsibility and said that he feels each of the Board members should resign.

Louann Fisher, 323 Pima Tr., current County employee as an Animal Control Officer, she asked the Board to look at the new budgets and consider the jobs that will be lost and the effect it would have on the employees who are single parents that may not only lose incomes but their homes as well.

Peter Nizbroski, 214 West Queen St., stated this was his 3<sup>rd</sup> meeting that he attended at Swain, and noted that one of those meetings were to discuss potential businesses that were not welcomed in the Town such as Wal-Mart. He held up a bag of feathers asked if anyone had any tar to meet him at the stocks at the Old Courthouse. He added that the citizens need their jobs not businesses leaving.

Phillip Alden, 432 Cisco Rd., said he was new to the County but he appreciated the exceptional services offered to County residents. He asked the Board to consider the welfare of the people who rely on their services. He asked if the Finance Officer and County Manager be bonded. He asked about the tax increase numerical in the presentation.

Mr. Rascoe stated that two of the numbers in the slide were incorrect. He then corrected the amounts for additional expenses in the example of a homeowner who property was valued at \$200,000. (the corrected slide is inserted in the minutes above)

David Barrett, noted that the School of Government provides salaries of County employees and said that the salaries and wages of County employees were 7<sup>th</sup> highest in the state. He offered his assistance with a salary study. He presented the paperwork of his findings to the Board.

John O'Donnell, Skooner Landing Dr., said he spent years auditing grant programs. He said that detail should be looked at in the audit and the project over-runs as to who got the money and who approved the overruns. He said he was not pleased with the budget options and asked that the Board tear up the budget line by line.

Patty Hines of the Edenton Womens Club. She said that she does not understand that a County the size of Chowan paid Mr. Copeland \$128,000 per year and allowed him to draw \$10,000 per month as a consultant; she asked if that money would be paid back to the County. (in the meeting file)

Bill Miller, 100 Blount Street said he was an advocate for older citizens. He said the Senior Center was recently named a Center of Excellence and requested that the Board not close the Senior or its services, and maintain the County's match for the grant monies. He then gave some documentation to each of the Board members. (in the meeting file)

Harriett DeHart, 112 Horniblow Pt., and a County Employee, asked the Board to consider raising the sales tax rate so that the burden could be shared by all.

Bill Schultz, 108 Queen Street said he had seen much emotion over a tax increase and he said that he was going to pay his taxes early to be a part of the solution.

Tom Abbott, 106 Hicks Ln., said he was a former member of the Board of Education. He said that County was robbing itself to pay for its services that the County could not afford. He said his question was what would the tax rate have to increase to, to keep the \$29 million in reserves. He noted the victims of the situation would be those that could least afford it. He asked if the property tax increase could be made based on property value.

Susan Scurria, a representative of the Albemarle Commission and an advocate for Seniors rights urged the Board of Commissioners to approve the \$17,798 match from the County for the \$177,983 grant for the Nutrition program at the Senior Center.

Harry Rosenblatt, 407 Court St. He said that financial documents were posted online and he noted that monies from the Health Care Reserve Fund were budgeted in the 2008-09 budget. He said that more information should be put out for the public. He said a summary page of the budget and audit would be appropriate for the public to review. He said he felt that the public trusted the democratic process and the attorneys comment on damages was not a fair assessment.

Reverend James Copeland, Martin Luther King Ave. said that the Board and the people needed to see the Lord for the right answer to the situation and asked the citizens to be prayerful for those that lose their jobs and homes.

Alex Stallings said he was running for County Commissioner in District 1 Seat 2. He said he was not campaigning, he said he was there because he was concerned. He said he was concerned about the employees who may lose their jobs, and his neighbors including his parents. He said the best of the person doing the budget, is not good enough, and asked that they go back and do it again, to minimize the problem.

Joanne Eddy, 302 West Queen St. said that she was the Executive Director of a non-profit and she said the statutes should require training for County Managers and Commissioners that includes oversight.

Donna Whiznet expressed her concerns about safety being a priority when cut backs were reviewed by the staff.

Roy Kirkman, 143 Gum Pond Rd., suggested that cutting salaries and said that he feels trimming the “tree from the top”. He said that building everywhere is how the County got there.

Doug Eddy, 302 West Queen St., said he was proud to be in Edenton. He said he was proud of the concern or generosity of the citizens. He said that he was concerned about the elderly citizens who will feel the effects of this the most.

Josetta Beasley, 1521 Paradise Rd., said that she is not an accountant but she knows the auditor made errors. She pleaded that the citizens be cautious with who they elect. She said that humans make mistakes, but taking away services will increase crime. She urged the Board to choose the best option. She said that this is a prime example of what can happen when the people elect the wrong people.

Debra Lest, 204 Hobbs Acre Dr., said that she was concerned about the children and the elderly people. She said that recreation is something that keeps families going but suggested that the fees are raised to cover the costs to fund activities. She asked why not close the old DF Walker facility and not the newer Northern Chowan Community Center.

Gwen Vandine said that the commissioners have not done a good job. She said that Board needs a more solid checks and balance system. She said that Mr. Rascoe has tried to do the best for the citizens of Chowan County. She questioned if the money was embezzled and asked that the entire problem be investigated. She said an outside auditor is needed for Chowan County.

Dellie Bass, 249 Evans Bass Rd., said that the increase in taxes would not happen if the County had monitored its spending. She said the monies spent on the Mill Pond should not have been spent. She said that the county should look at the higher paid salaries.

Steve Biggs, 404 Broad St., He said that as an elected official he feels for the Board, but the auditor, J.P. Timberlake is a good auditor. He has asked for prayers for Mr. Copeland. He said the auditor gave his report to the County and it is not his fault.

Robin Strickland, 1506 W Queen St., she stated her concerns about children and senior citizens lose their services.

Craig Overton, Drummonds Pt. Rd. said that option number 2 was one that the Board was leaning to, but he said the Option 2 was only a temporary fix and that next year the taxes would have to be raised again for the 2009-10 budget.

Jill Devine said that her husband was an employee of Chowan County that lost his job. She said that her husband’s job was cut already as part of Option 2 in DSS. She said she didn’t want to see taxes go up or see jobs and services lost.

Chairman Cole called for any further public comment, there was none.

Chairman Cole asked for any Board comments.

Commissioner Gardner said the exercise was good and said the decisions ahead were not easy. He said that the citizens want no cuts in services, education, senior center, recreation and no cuts in jobs and no new taxes. He said that you can't have it all. He said that he will not quit his job as Commissioner.

There being no further business before the Board, the meeting was adjourned.

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Ralph Cole  
Chairman

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L. Susanne Stallings  
Clerk to the Board

(SEAL)